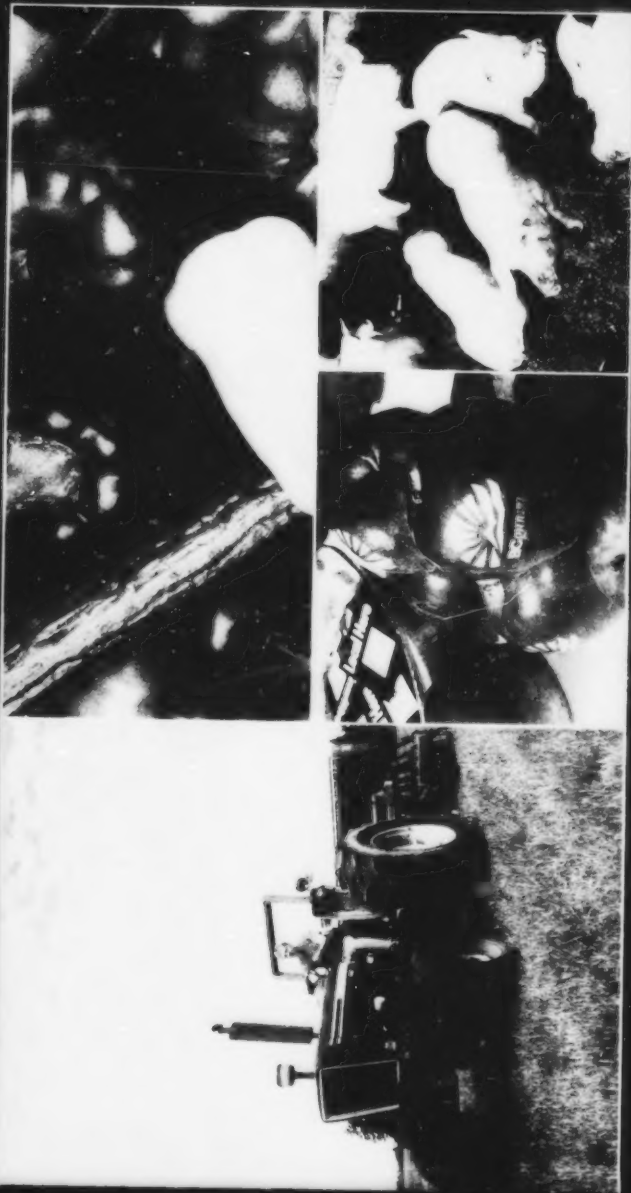


MINISTRY OF AGRICULTURE AND FOOD



1998/99 ANNUAL REPORT

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February 2000

The Honourable Garde B. Gardom
Lieutenant Governor
Province of British Columbia

May it please your Honour,

I respectfully submit the annual report of the Ministry of Agriculture and Food of the Province of British Columbia for the fiscal year ending March 31, 1999.

Sincerely,

Honourable Corky Evans
MINISTER OF AGRICULTURE AND FOOD

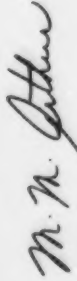


February 2000

The Honourable Corky Evans
Minister of Agriculture and Food
Parliament Buildings
Victoria, British Columbia

Sir

I have the honour to submit the annual report of the Ministry of Agriculture and Food for the fiscal year ended March 31, 1999.



Margaret Arthur
DEPUTY MINISTER
MINISTRY OF AGRICULTURE AND FOOD



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Message from the Minister

The Ministry of Agriculture and Food is one of the longest-standing ministries in British Columbia, for two good reasons.

First, agriculture has always been a vital part of life in B.C. Second, the people who represent agriculture in government have consistently found ways to adapt to changes in the nature and industry of agriculture.

That tradition of straightforward business continues today, as the Ministry of Agriculture and Food fulfills its social and economic mandate to foster the viability of the entire agriculture and food sector in the province. The ministry's budget was increased by 23 per cent for 1998/99 – the first increase since 1991 – which sends a clear message that farming is important to B.C., both as an industry and as a way of life.

The year brought many challenges, some new, others familiar. Two years of harsh and unpredictable weather were followed in 1998 by severe international market fluctuations. Outside the province, the pace of globalization and rationalization showed no

signs of slowing down. Here at home, urban developments continued their inexorable outward creep. And consumers, who are increasingly informed and discerning in their food and beverage choices, are coming to expect not just the best quality and greatest selection in B.C. foods and beverages, but environmentally responsible, sustainable production practices behind every label.

Ministry staff usually approach conditions like these head-on, and 1998/99 was no exception. The establishment in 1998 of a dedicated Ministry of Fisheries was a sensible and necessary commitment to the stewardship and management of the fisheries resource. Within our own refocused ministry, we made changes to risk management programs in response to industry input. New farm bylaws, the Partnership Committee, and the 10-Point Action Plan bring urban, environmental and agricultural concerns together in the land resource planning process as never before.

Our agri-food industry partners continue to impress and inspire optimism. The number



The Honourable Corky Evans

of family farms in the province has remained stable over the last two years. Corporate concentration has largely been avoided in major crops such as grain and fruit, and agri-tourism, organics, nutraceuticals and innovative greenhouse technology are all taking off.

Industry practices and government initiatives must both continue to adapt to a changing world. To bring those interests together, the ministry has committed significant time and effort over the past few years to develop a comprehensive agri-food policy for B.C. An important first step has been to solicit input from all areas of the province on the issues facing agriculture and food production. This year, staff delivered six regional workshops and held discussions with more than 200 producers, processors and retailers throughout B.C.

The foundation for future agricultural and food production success in B.C. will be the alliances we form now, which is why ministry staff continue to encourage and facilitate strategic partnerships as a new way of doing business. The ministry and its partners – including industry, First Nations, local governments, and environmental, community and other groups – are creating

tangible returns on the public's investment. This 1998/99 *Annual Report* summarizes another year of innovative developments and worthy accomplishments, which have been made possible by an attitude of vigorous public- and private-sector cooperation.

The agri-food industry is already one of the most dynamic growth sectors in British Columbia. And while it has been the backbone of our economy for more than a century, agriculture in B.C. has still not reached its full potential. We continue our work to make that happen.



Hon. Corky Evans

MINISTER OF AGRICULTURE AND FOOD

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Corporate Overview

MINISTRY PROFILE

The present-day Ministry of Agriculture and Food was originally created by the *Department of Agriculture Act of 1894*, which makes it one of B.C.'s oldest ministries. The ministry and the sectors it represents have changed significantly over the last century: the agriculture and food industries in B.C. now generate more than \$17 billion each year and employ one in seven British Columbians, or some 250,000 people.

In 1998/99, 342 ministry staff worked in offices around the province, and expenditures totalled \$55.6 million.

MISSION STATEMENT

To foster the socioeconomic viability and sustainability of the agriculture and food sectors throughout British Columbia.

The ministry is committed to the following values in pursuit of this mission:

- planning and delivering government services in a cost-effective and publicly accountable manner,

- providing responsive, courteous and professional service of high quality to clients, and
- building and maintaining among ministry personnel an effective spirit of teamwork and cooperation based on trust, integrity, flexibility, innovation and social equity, and equality of opportunity (i.e., regardless of gender, beliefs or race).

STRATEGIC OBJECTIVES

Following its 1997/98 restructuring, the ministry consolidated its efforts and resources to focus on two key strategic objectives:

- industry development to support value-added initiatives, competitiveness, investment and job creation, and
- resource management to support management and stewardship programs to maintain and protect land and water resources for agriculture and food.



FAST FACTS

B.C. AGRI-FOOD CHAIN	1997	1998
Investment (\$millions)	\$849	\$862
Value of food sales (\$billions)	\$17.4	\$17.9
Employment	248,400	250,700



FAST FACTS

U.S. RESERVE BANK	1997	1000
MEMBERSHIP (in millions)	1000	1000
Value of assets under management (in billions)	117.4	100.0
Employees	100,000	100,000

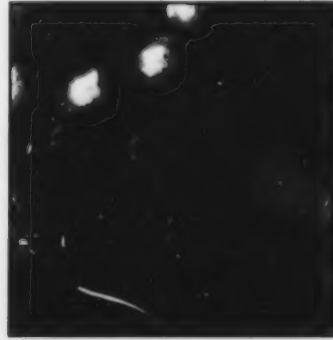
These objectives guide the ministry in its transition to a new role: actively supporting a self-sufficient agri-food industry over the long term.

To help realize that vision, the ministry has invited and considered input from the industry, as part of the agri-food policy development process, which is still continuing. That input suggests three main strategic directions for industry growth and development

- building on British Columbia's natural resource strengths (i.e., land, water and climate),
- building consumer and customer loyalty through product quality, and
- using our business and competitive strengths in the province.

Guided by these directions, ministry staff work to help the agri-food sector expand, reach its full productive capacity, and ultimately succeed in what is, more and more, a genuinely global economy.

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THE YEAR IN AGRICULTURE AND FOOD 1998/99

The Ministry of Agriculture and Food's present course was charted in 1996 and 1997, as staff faced government-wide fiscal restraints, ministry restructuring, mounting market pressures, and weather-related disasters. The ministry re-evaluated its mandate and consolidated its core business under two strategic objectives: industry development and resource management. Those objectives have guided the ministry's transition into an aggressive supporter of a self-sufficient agri-food industry, and they will continue to guide its overall operations.

Meeting the Challenges of a Global Market and Urban Growth

The harsh weather of 1996 and 1997 was followed by extraordinary market pressures in 1998, as the world economy continued its shift to globalization. Especially hard hit were the hog, grain and tree fruit sectors. Industry concerns and income losses, due to two consecutive years of devastating weather, brought a review of crop insurance and the launch of a two-year Whole Farm Insurance pilot program. Through the program, some 450 farmers received nearly \$10 million for 1997 losses.

In general, red tape was reduced and industry input was reflected in program changes. Damage calculations and claim forms were simplified, hail and rain coverage was improved for tree fruit growers, and corn silage crop insurance was made available for the first time. Workshops were held across the province to clearly explain the changes, and participation in the programs increased by 13 per cent.

To deal with environmental issues that affect farmers, the 10-Point Action Plan on Agriculture and the Environment – involving the Ministry of Agriculture and Food, the Ministry of Environment, Lands and Parks, and the British Columbia Agriculture Council – was made permanent by the establishment of a Partnership Committee. This “single-window” process operates through joint working committees of representatives from industry and federal, provincial and municipal governments.

Increased representation of agricultural interests at local and regional resource planning tables during this fiscal year also produced several positive changes, such as an extension of the Grazing Enhancement Program to the Fort St. John and Vanderhoof land-use areas.

Creating Clarity for Agriculture in the Community

The increasingly delicate interface between agricultural and urban areas was a key factor behind the ministry's request for a review of the provincial interest sections in the *Agricultural Land Commission Act*.

The subsequent Quayle Commission recommendations included a refined definition of the provincial interest clause.

In every case, therefore, a decision to preserve agricultural lands will reflect a province-wide context, long-term consequences, open and accountable decision making, and protection and management of scarce or important provincial assets. These changes bring clarity and certainty to the future use and security of land for agricultural purposes. The commission also recommended amendments to the balancing test for evaluating agricultural land-use proposals, and a merging of administration duties for the Agricultural Land Commission and the Forest Land Commission.

Another significant step forward was the enactment of B.C.'s first municipal farm bylaw under the *Farm Practices Protection (Right to Farm) Act*. The Municipality of Langley enacted a bylaw allowing on-farm

FAST FACTS

MINISTRY REVENUE (\$MILLIONS)

1998/99

\$3.5

1997/98

\$4.7

FAST FACTS

MINING REVENUE (MILLIONS)

1998/99

1997/98

83.6

64.7

mushroom composting, according to certain conditions and standards. The bylaw will allow the mushroom sector to continue to expand, without jeopardizing the environment. Through specific legislation that works at the community level, the bylaw represents a viable way of resolving conflicts over agricultural and environmental practices. It also clearly reinforces the value of ministry efforts to implement the province's *Farm Practices Protection (Right to Farm) Act*. The bylaw is now being used as a model by other jurisdictions.

A decision was reached in August 1998 on the Crown-held back-up lands around Roberts Bank in Delta. The decision will return thousands of hectares of B.C.'s most fertile and productive farm lands to high agricultural use. These lands, which had been expropriated by the province in the late-1960s, were subject to short-term leases, and were being farmed for short-term cash crops that were far below the area's agricultural potential. The return of the back-up lands was made possible by the Tsawwassen First Nation, which signed a protocol agreement enabling the government to dispose of the majority of these lands without undermining future treaty negotiations.

FAST FACTS

MINISTRY EXPENDITURE (MILLIONS)

1998/99	\$60.9
1997/98	\$55.6

Working with Agri-food Partners for a Self-Sufficient Future

Key relationships with industry associations are the foundation for effective ministry planning and program implementation. Input on safety net program changes and the agri-food policy development process, and formal reviews of the food processing industry and regulated marketing structure all brought industry's perspective into ministry decision making and program changes during 1998/99.

In addition to broad-based initiatives, such as the Partnership Committee, several issue-based alliances contributed during this year to improving conditions for agriculture in B.C. The Farm Labour Memorandum of Understanding, which was signed with the Ministry of Labour and the B.C. Horticulture Coalition on behalf of the B.C. Agriculture Council, sets out a process for consultation on regulatory issues. It also commits all parties to improved compliance with minimum labour standards for agricultural workers.

In response to increased consumer demand for natural health products, two new industry organizations were created during 1998/99. The Industrial Hemp Growers



FAST FACTS

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Association of B.C. and the B.C. Seabuckthorn Growers Association point to the province's strong future in specialty crop production.

Integrated Pest Management strategies and the Sterile Insect Release program continue to succeed because of the shared commitment of ministry, industry and community partners. British Columbia is a world leader in the use of Integrated Pest Management strategies, and they are now deployed on the majority of B.C. crops. The Sterile Insect Release program was given a long-term funding commitment this year, with a total provincial and federal contribution of \$4 million over the next eight years. That will be matched by other stakeholders.

The first Pacific Agriculture Show, which was held at Abbotsford's Tradex in February 1999, proved to be a hugely successful public- and private-sector partnership. This and other special events, such as agricultural fairs and exhibitions, help raise the profile of innovative B.C. agri-food operations and encourage the exchange of information and technology.

Agri-tourism is another area that is just starting to show its great potential. In regions such as the Okanagan Valley and southern Vancouver Island's Saanich Peninsula, small

agri-food businesses are beginning to attract consumers to their wineries and farms.

On personal tours, visitors can develop a new appreciation for the hard work, expertise and way of life that produced the quality fruits, organic vegetables, cheeses, jams, syrups, juices or wines they sample and perhaps take home.

The Buy BC and BC Sharing initiatives continue to reinforce B.C. product quality, as they build consumer awareness of and preference for B.C. products. More than 1,000 companies now use the Buy BC logo on their packaging and promotional materials, and BC Sharing raised more than \$1 million this year in support of local food banks and local farm goods.

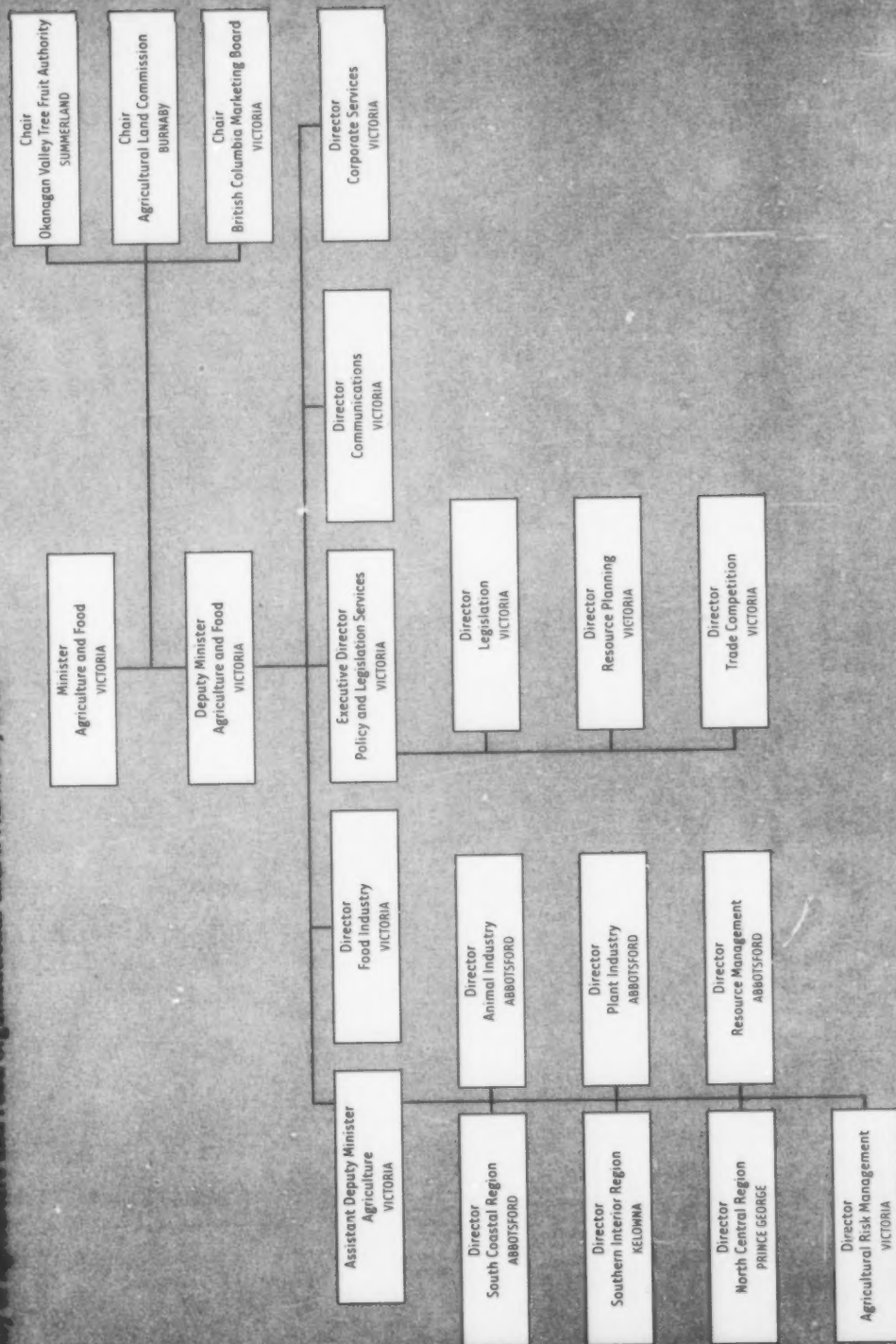
This year's accomplishments are the result of the ministry's commitment to its key strategic objectives, and to the broader government-wide priorities of creating jobs and generating a maximum return on resource investments. In line with provincial guidelines for ministry annual reporting, the following sections of this report summarize the achievements of the Ministry of Agriculture and Food, based on the goals and priorities set out in its 1998/99 *Strategic and Business Plan*.

This year's accomplishments are the result of the ministry's commitment to its key strategic objectives, and to the broader government-wide priorities of creating jobs and generating a maximum return on resource investments.



The Ministry

Ministry of Agriculture and Food Organizational Chart: March 31, 1999



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INDUSTRY DEVELOPMENT

The 1998/99 *Strategic and Business Plan* established the ministry's long-term strategic objectives. It also outlined the priorities and supporting business initiatives for the operating year. Industry development, which was identified as one of the ministry's two core strategic objectives, is central to the ministry's commitment to support and help develop a vibrant, self-sustaining agri-food industry in all regions of the province.

The following highlights summarize the ministry's 1998/99 achievements in meeting that objective.

Agriculture Industry

The agriculture industry in British Columbia is diverse, both geographically and in the range of commodities it produces. This presents both opportunities and challenges for ministry staff in meeting the needs of a variety of clients in vastly different regional and community settings.

The Agriculture Division is structured to work effectively with all clients, recognizing the diversity of the agriculture industry, and of its resources and commodities. Staff in the

Animal Industry, Plant Industry, Resource Management, and Agricultural Risk Management branches work at a provincial level on industry opportunities and on commodity, resource and financial issues. Staff in the South Coastal, Southern Interior and North Central district offices maintain a more regional focus.

Agriculture Division strategies for industry development and competitiveness vary by sector and region. They range from developing new products and production practices, to managing financial risk factors and recognizing evolving consumer expectations for food quality and safety. During 1998/99, agriculture industry development initiatives focused on:

- implementing improvements to risk management programs,
- creating a positive business climate for industry investment and development,
- removing resource constraints to industry expansion and intensification,
- focusing industry sectoral and regional development efforts on key opportunities and constraints,



FAST FACTS			
AGRICULTURE INDUSTRY	1998/99	1997/98	1996/97
AGRICULTURE INDUSTRY	1998/99	1997/98	1996/97
AGRICULTURE INDUSTRY	1998/99	1997/98	1996/97
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Agriculture Industry

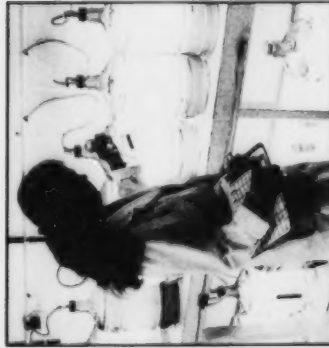
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FAST FACTS

B.C. AGRICULTURE	1997	1998
Farms	21,835	21,835
Farm cash receipts (\$billions)	\$1.8	\$1.8
Direct employment	29,000	27,300

- supporting high-quality production and products through animal and plant health programs, and
- increasing public awareness of the agriculture industry.

Implementing Improvements to Risk Management Programs

The ministry works to fulfill government's role of assisting industry in ways that reduce risk and support British Columbians in the business of farming. A range of financially based programs serves to stimulate both sustainable development and increased self-reliance within B.C.'s agri-food industry.

- Crop insurance is a cornerstone of risk management for farmers, and program participation is critical to the long-term viability of the industry. The ministry conducted an independent review of crop insurance, and in 1998/99 it implemented recommendations that have created a simpler, more straightforward program. As the table at right demonstrates, participation rates increased by 13 per cent over 1997, enhancing the ability of producers to stabilize income in the event of weather-related disasters.

PLAN	1997 NO. OF POLICIES	% PARTICIPATION	1998 NO. OF POLICIES	% PARTICIPATION
Tree Fruit	1,404	78%	1,675	95%
Grape	78	82%	82	84%
Berries	154	50%	185	70%
Vegetables	69	30%	149	37%
Grain	436	53%	631	73%
Forage	267	21%	332	27%
Total	2,408	46%	3,054	59%

- Producers throughout the province faced major cash-flow shortages, after a disastrous 1997 crop year. In response, the ministry developed the two-year pilot Whole Farm Insurance Program and introduced it in the spring of 1998.

The program is linked directly to income tax information. Farmers are able to calculate their entire agricultural losses at the same time as they calculate their income tax for the year.

In 1998, 422 payments were processed, for a total payout of \$9.2 million to producers. The funds helped offset income losses and allowed producers to continue operations in the 1998 crop year.

The ministry works to fulfill government's role of assisting industry in ways that reduce risk and support British Columbians in the business of farming.



Creating a Positive Business Climate for Industry Investment and Development

During 1998/99, ministry activities in this area focused on regulatory and taxation issues affecting producers in the province.

- In the fall of 1997, B.C. farm leaders informed the government of their concerns about new environmental initiatives. Ministry staff proposed a coordinated process to consult on agricultural and environmental issues.

In April 1998, a 10-Point Action Plan on Agriculture and the Environment – a “single-window” process for consultation on these issues – was signed by the Minister of Environment, the Minister of Agriculture and Food, and the Chair of the B.C. Agriculture Council. The Partnership Committee brings industry leaders from the council together with senior members from the two provincial ministries, and from the federal Department of Fisheries and Oceans, Environment Canada, Agriculture and Agri-Food Canada, and the Union of B.C. Municipalities.



Accomplishments under the Partnership Committee included the following:

- Presently, there is no mechanism in place to compensate producers or mitigate annual crop damage or feed losses caused by migrating and foraging wildlife. Ministry staff led a steering committee to develop recommendations, and a provincial Wildlife Agriculture Advisory Committee was established to develop a comprehensive plan and workable solution for B.C. producers.
- Ditching systems, built to meet agriculture needs for drainage and irrigation, have become a major point of conflict between farmers and the federal and provincial environment officials who are charged with protecting fish habitat. Agriculture Division staff put together a process in 1998/99 that will allow farmers to maintain their ditches, with minimal impact on fish. Ditch maintenance guidelines were developed and approved by federal and provincial officials, and a pilot project for the Fraser Valley is scheduled for launch in 1999.

- Riparian zone management and the goals of the *Fish Protection Act* are a significant source of concern for the agriculture industry. Ministry staff worked during 1998/99 with the agriculture community to find a balanced approach to riparian protection. As a result, a riparian management framework, based on farm self-audits and stewardship, was developed and agreed to by industry leaders and environment officials.

- The agriculture industry has expressed concerns that environmental regulations are having a negative impact on the operational and financial viability of individual producers. A consultant was hired in 1998/99 to design a financial impact assessment model to measure the potential effects of new regulations on the agriculture industry. The Ministry of Environment, Lands and Parks has committed to using the model in assessing all future regulations.

Removing Resource Constraints to Industry Expansion and Intensification

The ministry makes ongoing efforts to help the industry improve its competitiveness and profitability by fostering industry-led efforts to identify opportunities and constraints. That includes efforts to have local planning provisions of the *Municipal Act* extended to additional local governments, negotiating changes to local bylaws that are restrictive to intensive mushroom and greenhouse operations, and developing guidelines for on-farm processing and direct marketing. These activities are also important to the ongoing development of the agri-food policy. (See also "Resource Planning," under Resource Management, on page 43.)

- In response to legislation that made it mandatory in the greenhouse sector to have a dedicated power engineer on-site to operate heating units, ministry staff worked with industry partners and regulatory officials in 1998/99 to review and develop more appropriate regulations. A special certification under the *Power Engineers and Boiler and Pressure Vessel Safety Act* was developed, and the requirements were revised, allowing the industry to remain more competitive.





Ministry staff concentrated during 1998/99 on helping industry access or develop the infrastructure to improve training and skills development, market development, technology, and access to capital.

Focusing Industry Sectoral and Regional Development Efforts on Key Opportunities and Constraints

Ministry staff concentrated during 1998/99 on helping industry access or develop the infrastructure to improve training and skills development, market development, technology, and access to capital.

- Loss of the federal Feed Freight Assistance Program has threatened the sustainability of Vancouver Island agriculture, leading to some plant closures and industry relocations. In October 1998, ministry staff helped affected producers create the Island Farmers' Alliance and develop a strategy for Vancouver Island agriculture.
- Ministry staff also helped the group secure funding, through the B.C. Investment Agriculture Foundation, to develop and launch a major marketing campaign in 1999 for Vancouver Island products.
- High-end niche market development, which is already well established in Europe, gives producers the option to shift from annual cereal crops to fine-seed production. A cross-industry mission to the Netherlands in 1998/99, led by ministry staff, provided an opportunity for a team to assess the European marketing system.

Subsequently, one B.C. producer shifted 10,000 acres of production from cereal crops to fine grass seed.

The fine-seed industry has significant growth potential in the Peace River area. Successful crop demonstration trials, market information, and producer workshops provided by ministry staff over the last 10 years have helped support the establishment of 50,000 acres of fine-seed production in the region. Now, with access to a high-quality production base, a secondary facility has been established for cleaning and packaging.

- Peace River producers have also traditionally planted a Polish variety of canola. Through crop demonstration trials, ministry staff identified Argentinean varieties of canola that produce higher yields in northern conditions, so they encouraged producers to make the varietal change. Crop yields have gone up, increasing the economic returns to Peace River producers by \$4 million per year.
- Game and specialty bird production was identified some time ago as a diversification opportunity for B.C. farmers. Working with producers, ministry staff developed enterprise budgets and

completed a market development strategy in 1998/99, B.C. is now the largest producer of game and specialty birds in Canada, and the main supplier of a number of species to the U.S. market.

- Production guides are one of the ministry's most valued services for new and expanding producers. In 1998/99, ministry staff partnered with industry groups to develop and publish guides for nine commodities. The guides were made available in both printed and CD-ROM formats.

- Consumer demand for natural health products is creating opportunities for B.C. specialty crop producers. Recognizing the need for organized and strategic development, ministry staff helped the sector create two new industry organizations in 1998/99. The Industrial Hemp Growers Association of B.C. and the B.C. Seabuckthorn Growers Association will provide a focus for producer education and market information. There are now 40 licensed hemp producers and 20 seabuckthorn orchards in the province. (Seabuckthorn berries and seed oil are valued commercially as a natural health remedy.)

- Direct farm marketing provides an important alternative to traditional food marketing channels, particularly for producers of specialty products. Ministry staff worked with industry and communities during 1998/99 to promote the idea of direct farm marketing as a diversification strategy.

The *Highway 16 Farm Product Directory* was developed by ministry regional staff in Prince George, as both a brochure and an Internet site, to increase consumer awareness of direct farm market opportunities in northern B.C. The directory lists 48 market outlets that provide more than 60 services and products.

- First Nations lands in many areas of the province have high agricultural potential. Ministry staff work on an ongoing basis with individual bands to identify development options and offer skills development and technology transfer information. Agricultural enterprise development on First Nations lands is showing a gradual rate of increase.

- B.C. livestock producers saw an opportunity some time ago for expanding the province's bred heifer industry;

but found it difficult to finance the front-end cost of establishing a breeding herd. Building on the success of the ministry's Feeder Associations Loan Guarantee Program, staff developed the legal and financial frameworks for a Bred Heifer Loan Guarantee Program.

By the end of 1998/99, cooperative associations had been established in Dawson Creek, Fort St. John and Quesnel, and members had accessed \$1.2 million in financing for the purchase of 1,100 additional bred heifers.

- Access to grazing lands is critical to the beef industry. However, as a Crown resource, these lands are subject to competing demands. The Grazing Enhancement Program was therefore established to help ranchers deal with environmental requirements on Crown lands covered by Land and Resource Management Plans.

The Grazing Enhancement Program was extended to the Fort St. John and Vanderhoof land-use areas during 1998/99. Ongoing programs within the Southern Interior and North Central regions have so far approved 111 projects for range improvements and invested \$2.1 million.

- B.C. produces a wide range of agricultural products that can effectively utilize small acreages around urban centres. Following discussions with municipal planners, ministry staff recognized the potential for further development of small-lot agriculture, so they completed a draft report and distributed it to the public as the first step in developing a comprehensive strategy.

- The inaugural Pacific Agriculture Show was held at Abbotsford's Tradex in February 1999. A partnership initiative among the private sector, the agriculture industry and the ministry, the show gave the ministry an opportunity to coordinate a number of major annual extension events. Staff provided support to the Dairy Short Course, the pork industry annual seminar, and the Growers' Short Course provided by the Lower Mainland Horticulture Improvement Association.

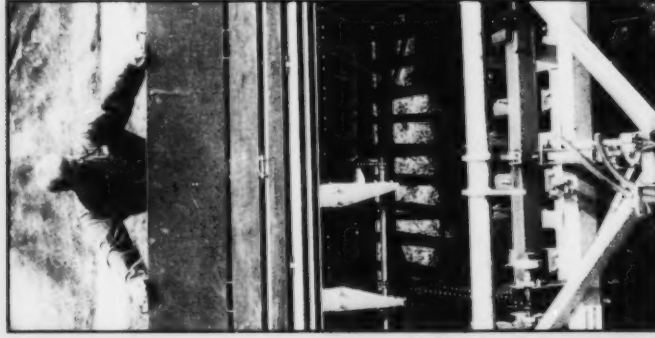
Combining the trade show with seminars this year brought an attendance increase of 20 per cent, and provided industry producers with information on the latest advances in research, technology and environmental practices.



- Accommodation for seasonal workers on south Okanagan tree fruit farms has been a long-standing challenge for communities in the region. Ministry staff, working with local government, service organizations, and industry, developed a pilot project to meet a range of needs. Jointly funded by government, the Town of Oliver, and the Rotary Club, the project provided a campsite with proper facilities for seasonal workers. In 1998, more than half of the annual seasonal labour workforce used the site, which helped reduce community conflicts.
- The raspberry sector's ability to obtain funding for research and market initiatives is critical to its long-term viability. Working with industry partners during 1998/99, ministry staff helped develop a new British Columbia Raspberry Industry Development Council under the *Farming and Fishing Industries Development Act*. The council now has the ability to levy money from producers for research and development.
- Producers have recognized woodlot development as a diversification opportunity, so during 1998/99, ministry staff helped them establish the

British Columbia Woodlot Products Development Council, also under the provisions of the *Farming and Fisheries Industry Development Act*. This council can now levy funds for industry-led research and marketing initiatives.

- The B.C. Investment Agriculture Foundation was established in November 1996 by the federal government and the ministry, in partnership with industry, to invest in agri-food projects that support industry market and product development, research, agriculture awareness, and technology transfer. The foundation is responsible for managing federal safety net and Canada Adaptation and Rural Development Fund (CARD) funding in British Columbia. Ministry staff provide management services to foster industry leadership and effective governance. By the end of the fiscal year, 96 projects had been granted a total of more than \$6.7 million in funding on estimated total project expenditures of \$31 million.





Supporting High-Quality Products and Production Through Animal and Plant Health Programs

Under this initiative, ministry staff help industry develop and implement sound animal care guidelines and pest management practices that support on-farm quality control and environmental awareness. Other ongoing priorities include encouraging public agencies and local governments to maintain adequate weed control, supporting voluntary industry quality programs and inspection services to ensure food safety, and maintaining strong diagnostic and monitoring services.

Ministry staff help industry develop and implement sound animal care guidelines and pest management practices that support on-farm quality control and environmental awareness.

- Integrated Pest Management (IPM) is the management of pest populations using a balance of cultural, biological, genetic, chemical or other control methods to protect agricultural crops from harmful insects, mites, diseases, weeds and other threats. IPM systems can lead to improved pest management and reduced pesticide use.

Ministry staff continued their IPM work during 1998/99, with research programs and extension strategies. New information and products enabled producers to improve IPM strategies for tree fruits,

grain, and greenhouse vegetables. IPM strategies are now being used for almost all B.C. crops.

- In response to increasing consumer concerns about food quality and safety, ministry staff worked during 1998/99 with Agriculture and Agri-Food Canada to develop and promote the "Greenprint" concept. This certification system assures consumers that "green" production techniques, such as IPM, are being used. The ministry is working with various industry sectors, such as the potato sector, to investigate Greenprint production techniques.
- The horticulture industry requires "minor-use" pesticides. These are compatible with IPM strategies and pose a reduced environmental risk. Ministry staff continued to work on behalf of the industry to obtain minor-use pesticide registrations from the appropriate regulatory agencies. In 1998/99, 18 minor-use pesticides were registered.
- The Sterile Insect Release Program is an environmentally sound strategy to control codling moth damage to tree fruits. In 1998/99, ministry staff played a key role in securing a long-term funding

commitment for the program, which was vital to its success. An agreement between the provincial and federal governments will provide \$4 million over eight years, which will be matched by industry and local governments.

- A baseline is needed to measure progress on the province's environmental goals for agriculture. In cooperation with Statistics Canada, ministry staff conducted a survey during 1998/99 to assess the current status of environmental and pest management practices presently employed in the industry. The result was the *State of Resources Report*. Baseline information was also established, which will be used to develop effective programs and marketing initiatives.

- Invasive non-native weeds are a threat to B.C. range and farm lands. During this fiscal year, ministry staff identified more than a dozen new noxious weeds that threaten B.C. crops. That work highlights the need for technical and financial assistance to help local governments develop and implement weed control programs.

The ministry issued grants totalling \$218,000 to stimulate weed control

spending by local governments. Fifteen noxious weed control programs were implemented, for which total spending was in the range of \$1 million.

- The province's \$100 million commercial poultry industry was threatened in 1998/99 by an outbreak of *Pullorum* disease in small backyard chicken flocks on Vancouver Island. (*Pullorum* affects chick hatchability and survival rates. It cannot be transmitted to humans.) Ministry staff, working with industry and the Canadian Food Inspection Agency, conducted a testing campaign of all small non-commercial flocks on Vancouver Island. The disease was successfully eradicated, preventing its spread to other parts of B.C. and Canada.

- Industry retailers are beginning to demand quality-assurance and trace-back programs for meat products. For that reason, livestock industry producers partnered with ministry staff during 1998/99 to initiate a Pork Quality Assurance Program and a "Quality Starts Here" program for beef. The latter already shows potential for an increased economic return to producers of as much as 48 per cent per head over the life of the animal.



• Buyers, responding to major concerns about food safety, are demanding rigorous practice standards for growers and processors in the B.C. horticulture industry. During 1998/99, ministry staff worked with berry and vegetable industry groups to establish a Food Safety Committee. The industry is also providing information on food safety and worker sanitation in English and Punjabi for berry industry workers.

• Based on dairy industry standards, B.C. currently produces the highest-quality milk in North America. To ensure that producers maintain this status, the ministry is promoting the introduction of an on-farm Hazard Analysis and Critical Control Point System. Successful introduction of the pilot program will help maintain B.C.'s reputation for high-quality milk products. It will also provide a model for other agriculture industry producers in British Columbia.

• The health status of B.C. dairy herds is a critical factor in maintaining export markets for breeding stock. Ministry staff have established an excellent reputation for the control of livestock diseases, and, working with industry partners,

have continued to develop innovative extension programs for on-farm preventative measures.

The excellent health status of B.C. cattle herds has stimulated a demand in the United States and many other countries for B.C. dairy breeding stock and replacement cattle. As a result, the income base for the industry continues to expand.

• Providing timely and accurate monitoring and control of animal disease is a linchpin in the agriculture industry's international trade status. To help maintain that status, new lab equipment was purchased for the Animal Health Centre in Abbotsford in 1998.

• The assessment of plant health problems is an integral component of sound production management practices within the horticulture industry. To maintain the Ministry of Agriculture and Food's capacity to deliver professional, high-quality service, the ministry implemented a fee-for-service process in 1998/99 for its Plant Diagnostic Laboratory.

Increasing Public Awareness of the Agriculture Industry

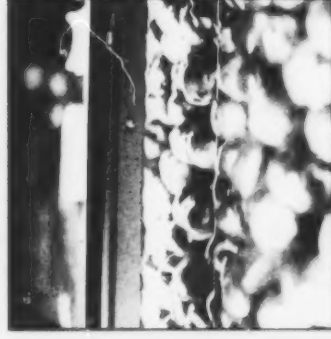
During this fiscal year, ministry staff were involved in a number of activities to raise public awareness of the value of agri-food production in B.C.

- Increased urbanization has reduced public knowledge and understanding of the agricultural industry in British Columbia, particularly among children living in cities. Ministry staff, working with industry, have secured long-term funding support for the Agriculture in the Classroom Foundation.

The foundation helps teachers use agriculture concepts within the regular curriculum to increase student understanding and awareness of the agriculture and food industries.

Resource materials have been developed for three agriculture awareness programs in the school system, and the first summer institute training program for teachers was held during 1998/99.

- Agricultural fairs and exhibitions play an important role in raising public awareness about agriculture. Staff worked with the B.C. Association of Agricultural Fairs and Exhibitions to develop a governance and procedural model for distribution of the \$375,000 annual grant to member associations.
- With various degrees of support from the ministry, annual events that showcase the agriculture and food industries operated in 56 communities in British Columbia during 1998/99.



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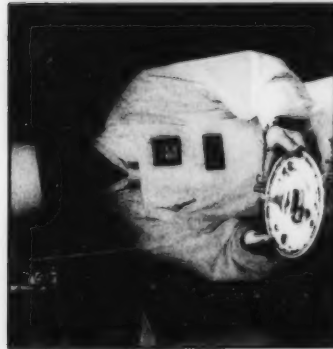
FOOD INDUSTRY

Farmers, ranchers, fishers and food producers in B.C. produce more than 200 commodities. These, in turn, are processed, packaged, shipped, distributed and sold to people across the province and around the globe. In all, more than a quarter of a million people – one in seven British Columbians – together make the “gate-to-plate” approach a working reality in B.C.

British Columbia’s food and beverage industry contributes more than \$17 billion to the provincial economy each year. The sector is built on the success and adaptability of mainly small-scale enterprises and active industry associations that target niche or specialty markets to compete profitably in a rapidly changing and highly competitive marketplace. Development of the sector’s unique competitive advantage within the B.C. market, in particular, continues to build on regional preferences for high-quality local products.

Within the ministry’s industry development strategy, Food Industry Branch staff made significant inroads in 1998/99 on:

- leading the agri-food policy consultation process,



- identifying and acting on key food processing sector opportunities and constraints,
- supporting the development of emerging industries, and
- developing markets.

Leading the Agri-Food Policy Consultation Process

For B.C.’s food industry, which is predominantly small-scale, to achieve a sustainable competitive advantage in a rapidly changing marketplace, industry and government must develop and adopt an integrated approach to policy and process. An effective agri-food policy will be the structure on which to build that approach.

- Ministry staff led the agri-food policy consultation process during 1998/99 to define current and future issues facing the agri-food industry in B.C. that included six regional workshops, and discussions with more than 200 producers, processors and retailers throughout the province. The information that was gathered was provided to the Select Standing Committee on Agriculture and Fisheries, which will consult broadly with the public on the

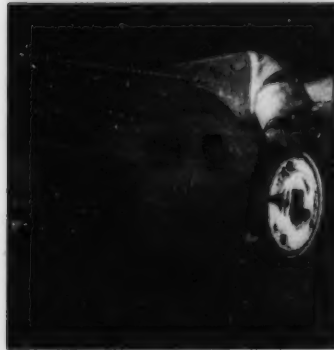
FAST FACTS

VALUE OF B.C. FOOD SALES (\$BILLIONS)	1997	1998
Food consumed at home	\$8.6	\$8.8
Food away from home	5.6	5.9
International exports	1.8	1.9
Interprovincial exports	1.3	1.3
Total	\$17.4	\$17.9



FAST FACTS

S.C. FOOD & BEVERAGE PROCESSING	1997	1998
Processors	843	1,015
Value of shipments (\$billions)	\$4.4	\$4.4
Direct employment	24,700	25,400



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FAST FACTS

Food exports (1998)	\$1.7	\$1.7
Food imports (1998)	\$1.6	\$1.6
Food processing (1998)	\$1.1	\$1.1
Food retail (1998)	\$1.0	\$1.0
Food service (1998)	\$1.3	\$1.3
Food waste (1998)	\$1.4	\$1.4

issues facing agriculture and food production in B.C. These public consultations are scheduled for the summer and fall of 1999, and it is anticipated that recommendations will be provided to the provincial Legislature in the spring of 2000.

Identifying and Acting on Key Food Processing Sector Opportunities and Constraints

When corporate rationalizations and consolidations from outside of B.C. close production and processing facilities and retail stores in the province, it impacts on B.C.'s food industry on many levels. For that reason, among others, it is increasingly important to create and strengthen a business climate that encourages investment within the province and the sector.

Ministry staff worked with the food industry during 1998/99 in the following areas:

- A food processing review commissioned by Food Industry Branch studied the opportunities and constraints for expanding the agri-food industry's value-added sector. The objective of the review was to better understand the characteristics of the industry and some of the key issues that it currently faces, such as labour and

raw materials costs, government regulations, and increased competition.

- A broad-based industry group was formed to find a solution for recycling polycoated beverage packaging, such as drinking boxes and gable-top containers. These packages, previously sent to landfills, are now included under the provincial deposit-refund legislation, and recycling options are currently being investigated.
- In response to requests from milk industry processors, the regulations under the *Milk Industry Act* were amended to include new packaging sizes for fluid milk sales.
- Staff continued to work with industry and other levels of government during 1998/99 on quality standards and market-access issues. Extensive work with B.C. wine producers and the federal government will contribute to maintaining a high standard for B.C. wines. It will also secure access to the European marketplace. Development of national codes is underway in areas such as horticulture, dairy and meat, in cooperation with provincial and federal ministries of agriculture and health, the Canadian Food Inspection Agency, and other stakeholders.



FAST FACTS

B.C. FOOD & BEVERAGE PROCESSING	1997	1998
Processors	543	1,015
Value of shipments (\$billions)	\$4.4	\$4.4
Direct employment	24,700	25,400

- An agri-food certification pilot project is being conducted with Vancouver Island dairy producers and Nicola Valley beef producers to develop market opportunities through product differentiation.

FAST FACTS			
B.C. RETAIL GROCERY	1997	1998	
Food stores	3,705	3,456	
Food sales (\$billions)	\$8.6	\$8.8	
Employment	50,100	57,300	

- Ministry staff prepared information on the genetically engineered hormone, Recombinant Bovine Somatotropin (rBST). The minister and staff actively urged the federal government, which is responsible for the safety of food products, not to allow the sale of genetically engineered products such as rBST in Canada, unless they are shown to be safe. Early in 1999, rBST was denied a Notice of Compliance by Health Canada.

- In response to letters and calls received by the minister and ministry staff, the ministry took a position supporting the labelling of foods that are free from genetically engineered ingredients. Staff prepared a policy document for the minister on genetically engineered food labelling, with a summary of world legislation and labelling surveys. The document was distributed to all provinces, and to the federal government representatives at the 1998 Federal/Provincial Ministers of Agriculture Committee meeting.



- As the need to keep up with changing markets increases, it puts the ministry's ability to deliver one-on-one information under greater pressure, making information management more important. The Access to Information Project was launched in 1998/99 to develop a strategic framework for information management within the ministry. A consultation process with industry is also underway.

Supporting the Development of Emerging Industries

Central to the ministry's long-term strategy is helping the agri-food industry build its strength and self-reliance through diversification, strategic alliances, value-added opportunities, and job creation. Supporting the development of emerging industries is a basic part of that process.

- In 1998/99, the ministry supported the establishment of the B.C. Functional Food and Nutraceutical Network. The network is an industry forum to promote dialogue on the science, technology and marketing of products such as ginseng, omega-3 fatty acids, emu oils, echinacea extracts, and herbal drinks.

- Ministry staff provided leadership and financial support during this fiscal year to promote standardized methods of testing for active ingredients in herbal products. Staff also helped industry develop and market-test innovative herbal products. This is part of a larger process to establish standards for the expanding herbal extract sector.

- In partnership with the poultry industry, ministry staff worked to establish clear standards throughout the province for the production of specialty eggs (e.g., free-range, omega-3 fatty acid, etc.). Draft regulations are now being reviewed.

- Ministry staff completed a Certified Organic Association of British Columbia survey to determine the best approach for encouraging and putting into effect provincial certification of this sector. A peer advisory service within the organics industry was also established, to provide information and mentoring services to conventional producers who are interested in adopting organic production systems.

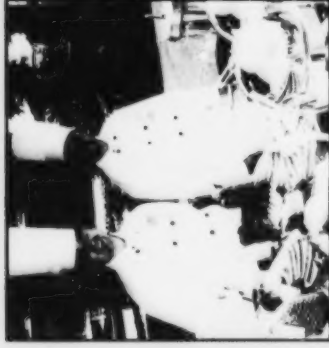
- The ministry offered technical and financial support for the development of print and Internet-based industry directories for the

landscape and retail nursery sectors, the flower and nutraceutical sectors, and the food processing sector.

- Ministry staff promoted the development of agroforestry as one option for diversifying farm income. Given the prominence of the forest industry in B.C.'s resource economy, incorporating tree growing into regular farm practices would allow producers to choose the crop that best suits their geographical and climatic conditions. Activities in 1998/99 included developing a strategic plan, and financial and economic analyses of various types of tree stands.

Developing Markets

The label "Product of B.C." has become a guarantee of quality and freshness for consumers around the world. Here at home, consumer preferences for B.C. products has created strong local and regional markets. Increasing consumer brand recognition and loyalty for the diverse range of B.C. food, fish, beverages and agricultural products, both at home and abroad, helps maintain those markets and develop new ones.



FAST FACTS

B.C. FOOD SERVICE	1997	1998
Food service establishments	8,959	9,370
Sales (\$billions)	\$5.6	\$5.9

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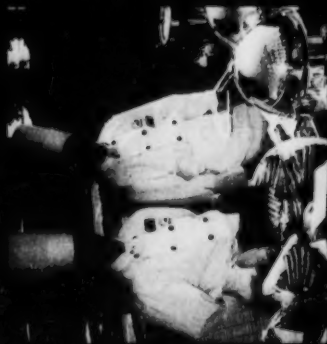
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FAST FACTS			
1998/99	1997/98	1996/97	1995/96
1,700	1,600	1,500	1,400
10.6	10.5	10.4	10.3
20,100	19,100	18,100	17,100





FAST FACTS

B.C. FOOD SERVICE	1997	1998
Food service establishments	8,959	9,370
Sales (\$billions)	55.6	58.9

The Food Industry Market Development Program, better known as Buy BC, was created in 1993 to increase the recognition and use of B.C. food, beverages and agricultural products.

HIGHLIGHTS

- In the fourth year of tracking the Buy BC logo, consumer recognition of the symbol reached 75 per cent, up from 27 per cent in the second year.
- More than 1,000 companies now use the Buy BC logo on their packaging and in their promotional materials.
- To date, 152 cost-shared projects have been approved, representing \$4.7 million in government funding and an industry investment of \$7.5 million, for a total of \$12.2 million.
- The BC Sharing Program, launched in 1997, has raised more than \$1 million worth of B.C. products for food banks throughout the province. The program provides a simple way for consumers to support B.C. food banks and the families they help. Shoppers purchase BC Sharing coupons in \$2 denominations at participating grocery stores.



- In recognition of the importance of the food and beverage industry to the province's economy, September was again designated BC Food and Beverage Month. For the fourth consecutive year, province-wide promotions and events under the Buy BC banner celebrated the success of the province's food and beverage producers, processors, distributors and retailers.

HIGHLIGHTS

- More than 78 hectares of B.C.-grown vegetables are under glass, bringing high-quality, pesticide-free produce to B.C. markets. In the Lower Mainland and on Vancouver Island, the B.C. Hot House Foods project is using BC Transit advertising, community events, in-store demonstrations, and innovative packaging and merchandising to focus consumer attention on bell peppers, tomatoes-on-the-vine, beefsteak tomatoes, cucumbers and lettuce. In 1998, sales volume increased by 66 per cent, and sales dollars increased by 22 per cent over 1997 figures.

- A project by the British Columbia Vegetable Marketing Commission led to a 2 per cent increase in root crop production, and a 48 per cent increase in field crop production over last year. The project developed retail and food-service newsletters, a merchandising campaign promoting "B.C.-grown" produce on in-store stickers, recipes and rail (i.e., shelf) cards, and joint promotions of B.C. products with White Spot and Earl's restaurants.
- The Buy BC partnership with the British Columbia Wine Institute continues to produce remarkable results. In 1998, volume sales of B.C. Vintner's Quality Alliance (VQA) wines increased by 9 per cent, and dollar sales increased by 20 per cent. The project produced a brochure that highlighted VQA wines and promoted the province's wine-growing regions. A "B.C. Wine Country" retail, trade and media tour is being developed, to take restaurant and hotel professionals, wine buyers and retailers and the media to selected wineries.



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TRADE AND INVESTMENT

Supporting an expanded role for B.C. agri-food companies in the global marketplace, ministry staff devoted considerable effort in 1998/99 to defining and addressing challenges and opportunities in the areas of domestic and foreign market development.

- Ministry staff developed a made-in-B.C. policy process for the next round of World Trade Organization agriculture negotiations. An agri-food industry stakeholder council – the B.C. Agri-Food Council on Trade and Subsidies (BC-ACTS), chaired by the Minister of Agriculture and Food – was created to maximize B.C.'s effectiveness to respond.

- Ministry staff completed an analysis of the implications of the Canadian Agriculture Marketing Council's agri-food export growth targets for the province of British Columbia. They also continued to monitor B.C.'s rapidly growing agri-food exports.

- The ministry continued to pursue provincial industry interests on a national scale. Ministry staff reviewed, from a B.C. perspective, the proposed "two-tier" approach to federal/provincial poultry

agreements, and participated on a federal/provincial committee reviewing national wine standards. As part of a national working group, they also actively pursued the development of national policies for imitation and analogue dairy products.

- Ministry staff provided technical information and trade advice to defend Canadian interests at the World Trade Organization against a U.S. and New Zealand challenge of Canada's dairy export program and Australia's ban on fresh and frozen B.C. salmon.
- Ministry staff were successful in implementing a federal/provincial investment strategy, and at having internal trade ministers consider an interprovincial code of conduct for agri-food investments.
- The ministry provided trade advice in the development of a 17-point Record of Understanding between Canada and the United States on specific irritants to the agri-food trade.
- The ministry was actively involved in the joint Federal/Provincial Agricultural Trade Policy Committee during 1998/99.

FAST FACTS

B.C. FOOD & BEVERAGE EXPORTS (\$MILLIONS)	1997	1998
Primary & processed agriculture	935	1,035
Beverages	83	87
International exports*	1,018	1,122
Interprovincial exports*	1,335	1,281
Total	\$3,371	\$3,825

*Excluding fish

**Excluding non-processed fish

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- Ministry staff provided technical information and trade advice to defend Canadian interests at the World Trade Organization against a U.S. and New Zealand challenge of Canada's dairy export program and Australia's ban on fresh and frozen B.C. salmon.
- Ministry staff were successful in implementing a federal/provincial investment strategy, and at having internal trade ministers consider an interprovincial code of conduct for agri-food investments.
- The ministry provided trade advice in the development of a 17-point Record of Understanding between Canada and the United States on specific irritants to the agri-food trade.
- The ministry was actively involved in the joint Federal/Provincial Agricultural Trade Policy Committee during 1998/99.

FAST FACTS			
B.C. 1998/99 AGRICULTURE EXPORTS (\$100,000,000)	15,887		19,910
Primary & processed agriculture	966		1,435
Beverages	85		87
International exports*	1,018		1,122
Interprovincial exports*	1,435		1,281
Total	65,373		68,388
*Including fish and aquaculture (not processed fish)			

- The ministry represented B.C. interests on the Federal/Provincial Market Development Council, communicating B.C. priorities for export market and skills development, exchanging program and policy information, and ensuring that federal programs and policies are responsive to B.C. industry needs.
- Tariff and non-tariff barriers to market access and other trade issues were addressed, including:
 - the U.S. trade action against British Columbian and Canadian cattle exports,
 - the potential trade impacts of new U.S. pesticide regulations, and
 - the Canadian International Trade Tribunal's review of tariff classification for imported butteroil/sugar blended products.
- Extensive work with B.C. wine producers and the federal government will contribute to securing access to European markets for high-quality B.C. wines and icewines.

Industry and government consultation was ongoing in light of evolving policies and legislation. Ministry staff produced analyses, impact assessments, and strategic recommendations on the provincial *Food Choice and Disclosure Act*, federal organic production regulations, the proposed farm income safety net program, a food safety act, new product standards, and trade issues.



Supporting an expanded role for B.C. agri-food companies in the global marketplace, ministry staff devoted considerable effort in 1998/99 to defining and addressing challenges and opportunities in the areas of domestic and foreign market development.



INTERGOVERNMENTAL RELATIONS

Under the Canadian Constitution, agriculture is one of only two areas with joint federal and provincial jurisdiction. (The other area is immigration.) Consequently, the ministry works closely with Agriculture and Agri-Food Canada and with the other provinces in developing policies and designing programs.

This work contributes to a more significant voice for the provinces in determining program direction for safety nets, and for negotiating a better share of federal expenditures. It also helps raise the profile of other issues that are of particular concern to B.C. agri-food industry partners.

The following are federal/provincial committees on which ministry staff participate, as part of B.C.'s constitutional joint jurisdiction:

- Ministers of Agriculture Committee,
- Deputy Ministers of Agriculture Committee,
- Agriculture Assistant Deputy Ministers Policy Committee,

- Trade and Marketing Assistant Deputy Ministers Committee,
- Agricultural Trade Policy Committee,
- Market Development Council,
- Agri-Food Inspection Committee,
- Investment Steering Committee,
- Canadian Food Inspection System Implementation Group, and
- Committee on Trade (CTRADE).

Each of these policy-related national committees has unique roles and responsibilities. Through membership on specific working committees, ministry staff also improve B.C.'s effectiveness at providing input and influencing policy and program development.

POLICY AND LEGISLATION SERVICES

Policy and Legislation Services supports all major ministry programs and both core strategic objectives – industry development and resource management – by providing expertise, counsel and leadership in developing, negotiating, coordinating and monitoring policy and planning. The group's primary clients include the ministry executive and the minister's office, the Federal/Provincial Agriculture Assistant Deputy Ministers Policy Committee, Treasury Board, the Safety Net Advisory Committee, the British Columbia Marketing Board, the agri-food industry, and consumers.

During 1998/99, Policy and Legislation Services concentrated its efforts in five key areas:

- leading federal/provincial negotiations on funding and trade issues,
- supporting and coordinating major ministry policy initiatives,
- leading and coordinating aboriginal and resource-planning initiatives,
- leading interministry legislative and regulatory initiatives, and
- improving program evaluation and performance measures used by the ministry.

Leading Federal/Provincial Negotiations on Funding and Trade Issues

- Policy Branch worked at the federal/provincial level during 1998/99 to address agricultural safety net issues. Specifically, staff provided support for the negotiation of a new five-year Safety Net Framework Agreement, and for safety net allocation negotiations. The branch also provided policy advice on risk management options to reduce major fluctuations in farm income and adjustment assistance.
- The B.C. farming and food processing industries have expressed concerns that taxation in the province is impeding industry growth, particularly in comparison to Alberta. The branch has been working on tax policy and its implications, to both food processors and primary producers, to determine whether it is indeed standing in the way of further industry growth. The branch has produced papers and held public meetings for interested groups. This work will continue in the next fiscal year.

Policy and Legislation

Services supports all major ministry programs and both core strategic objectives – industry development and resource management – by providing expertise, counsel and leadership in developing, negotiating, coordinating and monitoring policy and planning.

Supporting and Coordinating Major Ministry Policy Initiatives

- Policy Branch released a set of four papers in 1998/99 to address policy issues that affect regulated marketing in British Columbia. These papers helped marketing boards and their industry advisory committees with the dialogue and consultation necessary to conduct a review of the regulated marketing system. In the coming fiscal years, the branch will develop and maintain a body of government policy on regulated marketing issues.

Leading and Coordinating Aboriginal and Resource-Planning Initiatives

- The decision during 1998/99 to return Crown-held Roberts Bank back-up lands in the Lower Mainland marked a victory for all concerned. The move returned thousands of hectares of B.C.'s most fertile and productive farmlands to high agricultural use, and significantly addressed long-standing concerns about the use of this Delta farmland. The decision would not have been possible if the Tsawwassen First Nation had not signed a protocol agreement, which enabled the government to dispose of the majority of

these lands without undermining future treaty negotiations. The ministry provided policy and mapping support to the process.

Leading Interministry Legislative and Regulatory Initiatives

- The provincial *Employment Standards Act* did not recognize the unique employment issues of the agriculture industry, so ministry staff worked with Ministry of Labour officials during 1998/99 to resolve agriculture industry objections to employment standards. The result was the Farm Labour Memorandum of Understanding between industry and the ministers of Labour and Agriculture and Food, which established a commitment to make positive changes that address the needs of industry employers and workers.
- Three ministry legislative initiatives proceeded during the spring 1998 legislative session:
 - **Regulatory Streamlining Miscellaneous Statutes Amendment Act, 1998**
 - *The Agricultural and Rural Development (BC) Act*, the *Farm Distress Assistance Act*, the *Farm Product Industry Act*, the *Grasshopper Control Act* and the *Thresher's Lien Act* were repealed.

- The *Fur Farm Act* was amended to authorize multi-year licensing.

- **Local Government Statutes Amendment Act, 1998**

- The *Agricultural Land Commission Act* was amended to apply sections of the *Municipal Act* concerning public hearings and waiver of application fees.
- The *Weed Control Act* was amended to update procedural and content requirements for statements of weed control costs.

- **Miscellaneous Statutes Amendment Act, 1998**

- The *Milk Industry Act* was amended to authorize the changing of fees for dairy farm inspections conducted by government, or by a designated industry inspection organization.

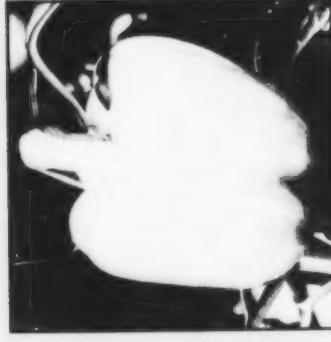
These initiatives supported a variety of government and ministry strategic priorities, including reducing and streamlining the regulatory burden on British Columbia businesses, basic good governance, and service cost recovery for government or- industry-administered programs.

- The ministry also prepared 50 regulations,

orders in council, and ministerial orders during the 1998/99 operating year. These included 15 new or amended regulations.

These initiatives addressed matters such as proclamations, amendments to existing regulations and new regulations, and appointments to ministry-administered agencies, boards and commissions. Significant orders and regulations included:

- orders under the *Agricultural Land Commission Act* and the *Environment and Land Use Act* approving changes to the Six Mile Ranch development project,
- orders and regulations under the *Farming and Fishing Industries Development Act* establishing the British Columbia Woodlot Products Development Council and levy and the British Columbia Raspberry Industry Development Council and levy,
- amendments to the Milk Industry Regulation concerning the Dairy Products Promotion Fund levy, dairy product container sizes, and the frequency of testing for milk quality factors,



RESOURCE MANAGEMENT

Only 5 per cent of British Columbia's land base is suitable for agriculture, and while most of that is protected under the Agricultural Land Reserve, not even half of it is currently being used to its full potential. Factors influencing that situation include intense competition for land for other uses, rural/urban conflicts, restrictive municipal bylaws, aboriginal land claims, forestry, and access to drainage and irrigation water and water infrastructure.

The ministry's resource management activities support management and stewardship programs to maintain and protect the land and water resource base that is critical to British Columbia's capacity for agricultural production.

Under this objective, ministry staff focus on creating opportunities for the expansion of agriculture within the Agricultural Land Reserve and for an increase in the productivity of farmed land. They also work to remove constraints in both areas.

During 1998/99, ministry staff made progress on strategic and business plan goals, in addition to maintaining a consistently high level of day-to-day service

- consolidation and revision of regulations under the *Agricultural Land Commission Act* and *Soil Conservation Act* consequential to the statute revision,
- updating of noxious weed designations in the Weed Control Regulation (under the *Weed Control Act*), and
- ministerial orders under the *Farm Practices Protection (Right to Farm) Act* designating wood/fibre crops and exotic animals.

Improving Program Evaluation and Performance Measures Used by the Ministry

- In addition to regular data collection in 1998/99, the Statistics Unit also managed and developed performance-based statistics for corporate policy purposes, provided analytical and data support on key initiatives to other branches and ministries, and validated and coordinated interministry and intergovernmental statistics.
- To maximize the effectiveness of the Statistics Unit, the entire statistics site was moved in 1998/99 from a local area network to the more visible ministry Intranet. The latter is widely accessed on a daily basis by nearly all ministry users.

The ministry's resource management activities support management and stewardship programs to maintain and protect the land and water resource base that is critical to British Columbia's capacity for agricultural production.

to ensure that agriculture client resource management needs were addressed.

Agriculture industry priorities within the resource management strategy were:

- resource planning,
- resource-use regulation,
- resource management, and
- taxation policy development.

Resource Planning

The main objective of the ministry's resource planning efforts is to ensure that agriculture is well represented in land- and water-use allocation decision making, and that its options are not unduly constrained.

During this fiscal year, the ministry's resource planning staff pursued five ongoing goals:

- To promote sustainability by identifying and evaluating strategic management options.
- To solidify the ministry's role in securing and sustaining provincial resources for these industries.
- To provide industry stability by enabling long-term planning processes.

- To improve the ministry's efficiency and enhance its credibility by supporting regional and subregional decision making.
- To facilitate integrated agricultural resource management, in part by minimizing redundancy and conflict, both within the ministry and across government.

The ministry's major 1998/99 program, policy, and operational accomplishments under these resource planning objectives included the following:

- Access to the land and water resource base is critical to the sustainability of agriculture in B.C. Through participation in a wide range of local and regional planning processes, ministry staff continually work to ensure that agricultural interests are well represented and that industry options are not constrained.

A total of six Land and Resource Management Plans were completed in 1998/99. The plans for Fort St. John and Vanderhoof enabled the extension of the Grazing Enhancement Program to these areas, ensuring access for regional producers to a critical beef industry resource.

- The Vanderhoof Land and Resource Management Plan recognized the





agricultural potential of certain lands within its boundaries, so ministry staff were involved in an arability assessment to identify land that should be preserved for agriculture. Lands deemed suitable will be designated for future agricultural development – a process that strengthens the long-term viability of the industry by ensuring access to resources.

- Staff also worked with local governments on growth strategy planning initiatives.

The needs and contributions of the agriculture industry are now included in growth strategy initiatives in the Thompson-Nicola Regional District, the Central Okanagan Regional District, the Fraser Valley Regional District, and the Capital Regional District.

- Development of ministry environment and land-use policies continued during 1998/99, including strategies for forestry and wildlife interactions, and objectives for Agricultural Land Reserve use. Policy recommendations were also completed for recreational developments in agricultural areas (e.g., the Trans Canada Trail), an agroforestry strategy outline, and a review, by Resource Planning Branch, of the Drinking Water Audit.

- One way in which the ministry participates in First Nations treaty negotiations is by compiling and maintaining relevant resource information. During 1998/99, that work included reviewing the Nisga'a Treaty, providing policy and mapping support for the Roberts Bank Protocol Agreement, and providing ongoing policy and resource information support to the minister and the rest of the ministry.

- The ministry has become the official custodian of B.C. soils information, taking on the responsibility for consolidating, managing and maintaining existing provincial soils data. To help implement the B.C. Soils Information System – which will support the requirements of planning initiatives such as the Forest Practices Code, Land and Resource Management Plans, and treaty negotiations – ministry staff oversaw digitization of 200 soil map sheets and filled more than 1,000 requests for printed soil maps.

- During this year, ministry staff also continued to develop the Comprehensive Farm Inventory, which will enable local-level planning to link to industry and ministry strategic options. The inventory is

one of several Geographic Information Systems applications initiatives being used to implement the ministry's resource planning strategy.

Resource-Use Regulation

Ministry staff continue to work on implementation of the *Farm Practices Protection (Right to Farm) Act*, in tandem with ongoing efforts to influence local and provincial regulations to encourage wide-ranging agri-food resource use and activities.

- Local government development plans and bylaws must now meet the terms of the *Farm Practices Protection (Right to Farm) Act*. As a result of a consultative process with municipal and regional governments, ministry staff recognized the need for a comprehensive tool to assist local government planners.

To ensure consistent and equitable treatment of agriculture throughout the province, the ministry completed a *Guide for Bylaw Development* in 1998/99 and distributed copies to all local governments with land in the Agricultural Land Reserve.

- The Municipality of Langley introduced draft bylaws which would have severely constrained the growth of the mushroom industry by prohibiting producers from on-farm composting. During 1998/99, ministry staff facilitated a consultative process between municipal staff and the industry. The objective was to develop a bylaw that addressed community concerns about mushroom composting, without constraining industry growth. A municipal bylaw was drafted and passed, enabling on-farm composting within a set of practical and reasonable guidelines. That bylaw has now become a model for other jurisdictions.
- Money's Mushrooms, the largest compost supplier in the mushroom industry, announced plans to close its Surrey facility and build a new processing and composting facility in the Fraser Valley. During 1998/99, ministry staff facilitated a review of public concerns and technology options for development of the new facility. As a result, a conditional exemption was passed to permit construction of the new Money's Mushrooms facility, using technology that satisfies public concerns about mushroom composting.

Resource Management

The objective of resource management is to encourage improved Crown-land allocation and management decisions that will, in turn, enable expansion and sustainable intensification of agriculture. Meeting that objective contributes significantly to the ongoing transition to a self-sufficient agri-food industry.

- British Columbia has implemented a water conservation strategy, and the agriculture industry must develop production practices to meet conservation guidelines. Following industry consultation and ground-testing of technical knowledge, the ministry published the *B.C. Trickle Irrigation Manual* to provide standards for water-conserving irrigation practices. Farmers were also provided with guidelines for more efficient water use.

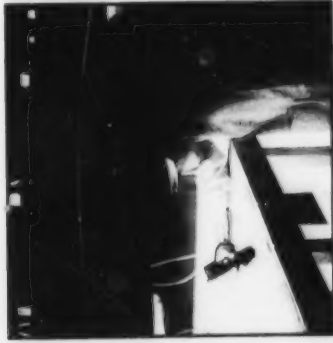
- Many Fraser Valley livestock farms with insufficient manure storage capacity have needed to continue spreading manure in winter. During 1998/99, ministry staff developed a manure storage program, through the B.C. Investment Agriculture Foundation, to provide assistance to producers who want to increase their storage capacity. Sixty-three farms were

granted a total of \$500,000 in funding on estimated project expenditures of \$3.5 million.

- A number of Fraser Valley poultry producers do not have sufficient land to handle the volume of manure their farms are producing. Working with industry, staff developed options and secured financing for specialized equipment to ship manure out of the Fraser Valley, to ranch lands in the Merritt area. The results were reduced manure loading on environmentally sensitive areas, and enhanced production and soil fertility in another region of the province.

- Farmers are under considerable pressure to adopt more environmentally sound practices. In urban areas, they are also dealing with concerns about some farm practices that produce noise or offensive odours. During 1998/99, ministry staff established a Peer Advisory Service to resolve these issues between producers and their neighbours before they become conflicts or require enforcement action.

A Memorandum of Understanding setting out the objectives and operating procedures for the Peer Advisory Service was signed by the B.C. Agriculture



Council, the BC Horticulture Coalition, the BC Cattlemen's Association, the Ministry of Environment, Lands and Parks, and the Ministry of Agriculture and Food.

- Situations with the potential to negatively affect the agriculture industry sometimes arise on an emergency basis. During 1998/99, ministry staff faced three such situations, for which they were able to provide industry with effective solutions:

- Critical forest fires in 1998 threatened agricultural producers with substantial livestock and forage losses. Ministry staff, working with staff from the B.C. Forest Service and the Provincial Emergency Program, quickly compiled and distributed information on options for moving and housing livestock and obtaining feed supplies. Producers were able to effectively manage the situation and minimize their losses.

- The viability of the horticulture industry on southern Vancouver Island was seriously threatened by an infestation of gypsy moth during 1998/99. Ministry staff were part of an interagency team, led by the B.C. Forest Service, that developed and successfully carried out an aerial eradication program in the spring of 1999.

- The winter of 1998/99 brought record snowpacks that threatened to flood many of the province's major agricultural areas in the spring. Working with Provincial Emergency Program staff and local governments, ministry staff assessed potential impacts and developed emergency flood plans for agriculture to minimize economic losses to farmers.

Taxation Policy Development

- Staff developed a spreadsheet, for use by local governments and industry, to illustrate the implications to property taxes of changes in tax policies. During 1998/99, direct consultations with local governments and industry about this analytical tool were deferred to the ongoing agri-food policy process consultations.

ADMINISTRATIVE REVIEW

Corporate Services

The Corporate Services Branch is responsible for providing the administrative and finance functions that enable the Ministry of Agriculture and Food to operate efficiently, effectively, and in compliance with government policies and procedures.

These functions include accounting, financial planning and reporting, personnel, information technology, freedom of information and privacy, and facilities management.

The Corporate Services Branch's accomplishments during 1998/99 included:

- adhering to Treasury Board and central government budget control and management directives, including meeting the ministry's fiscal budget target,

- achieving annual efficiency savings of some \$900,000 by entering into service agreements to have the Ministry of Transportation and Highways provide accounts payable, personnel and facilities services, and to have the Ministry of Small Business, Tourism and Culture provide information technology support services, and
- achieving an annual savings of \$190,000 by reducing the ministry's headquarters office space requirements by 30 per cent.

Revenue 1998/99 ACTUAL TO MARCH 31, 1999

(\$)

Sales and Service Fees

Sale of publications

\$1,717

Subtotal

\$1,717

Investment Income

ALDA (Agricultural Land Development Account) – interest on loans

ALDA – grant recovery concessionary loans

\$562,346

641,702

Gain/Loss on conversion of foreign exchange

46,540

Interest on overdue accounts (*Financial Administration Act*, section 7)

1,666

Subtotal

\$1,252,254

Miscellaneous Revenue

Corporate Services

\$14,855

Agricultural Land Commission

1,380

Recovery – prior-year expenditures

66,036

Miscellaneous receipts

49,747

Marketing Board appeal fees

2,900

Subtotal

\$134,918

Fees and Licences

Forest Land Commission – fees

\$11,250

– recapture charges

33,449

Livestock fees and licences

52,590

Agricultural Land Commission application fees

193,304

Veterinary laboratory fees and licences

181,149

Miscellaneous agriculture fees and licences

33,060

Livestock Protection Act – dog licences

10,018

Subtotal

\$514,820

Contributions from the Federal Government

Crop insurance – administration cost recovery

\$1,324,499

National Farm Business Management

298,145

Subtotal

\$1,622,644

TOTAL MINISTRY REVENUE 1998/99

\$3,526,353

Expenditures 1998/99 ACTUAL TO MARCH 31, 1999

VOTE 15 – MINISTER'S OFFICE	(\$)
VOTE 16 – MINISTRY OPERATIONS	\$413,937
Corporate Services	
Deputy Minister's Office	
Deputy Minister's Office	\$364,385
Deputy Minister – special projects	842,115
– administration	385,257
Communications	719,332
Subtotal	\$2,311,089
Policy and Legislation	
Policy and Statistics	\$651,643
Legislation	214,992
Subtotal	\$866,635
Executive Financial Officer (EFO) – Corporate Services	
EFO – Corporate Services	\$157,625
Corporate Services – special projects	15,193
– administration	963,511
Information and Privacy Unit	101,483
Financial Operations	791,515
Central Support	1,090,647
Information Technology	1,300,916
Personnel	371,869
Equity Programs	36,505
Columbia Basin Trust ¹	2,000,000
Subtotal	\$6,829,264
Corporate Services subtotal	\$10,006,988

¹ Under authority of the Columbia Basin Trust, the government will provide an annual \$2 million operating grant until 2010.

Agriculture and Food	
Agriculture	
Trade Competition [moved to Corporate Services in 1999/00]	\$389,490
Resource Planning [moved to Corporate Services in 1999/00]	410,802
Assistant Deputy Minister, Agriculture	331,690
Agriculture – special projects	462,876
– Executive Officer	478,176
– administration	1,261,499
South Coastal Region	2,895,613
North Central Region	1,490,123
Southern Interior Region	2,080,885
Resource Management	1,604,525
Crop Protection Program	1,060,114
Plant Diagnostic Laboratory	246,128
Apiculture	444,942
Plant Industry Commodity Teams	1,357,100
Animal Health Centre	2,013,227
Health Management and Regulatory	464,845
Animal Industry Commodity Teams	906,031
Industry Organization Development	756,284
Farm Management Agreement (100 per cent recoverable)	–
Industry Innovations	1,030,015
Grazing Enhancement Fund (transfer from the vote)	1,000,000
Subtotal	\$20,684,165
Food Industry	
Food Industry	\$1,619,346
Buy BC	672,396
Quality Wine and Grape Development Program	200,000
Subtotal	\$2,491,742
Agriculture and Food subtotal	\$23,175,907

EXPENDITURES 1998/99 ACTUAL TO MARCH 31, 1999 continued

Crop Insurance — administration	\$1,160,306
— premiums	5,250,000
Net Income Stabilization Account (NISA)	2,837,895
Sterile Insect Release Program	1,050,000
Disaster Program	10,000,000
Loan Guarantees	117,500
Subtotal	\$20,415,701
VOTE 16 — MINISTRY OPERATIONS TOTAL	\$53,598,596
VOTE 17 — AGRICULTURAL LAND COMMISSION	\$2,682,835
VOTE 18 — BRITISH COLUMBIA MARKETING BOARD	\$850,753
VOTE 19 — OKANAGAN VALLEY TREE FRUIT AUTHORITY	\$2,000,000
TOTAL VOTED EXPENDITURES	\$59,546,121
SPECIAL ACCOUNTS	
Livestock Protection	\$12,229
Grazing Enhancement Fund	2,274,640
Transfer from the vote	(1,000,000)
Subtotal	\$1,286,869
TOTAL MINISTRY EXPENDITURES	\$60,832,990
OTHER STATUTORY EXPENDITURES	
Cattle (Horned) Act, Livestock Improvement	\$13,000
Valuation Allowance	16,597
Subtotal	\$29,597
TOTAL EXPENDITURES AND OTHER STATUTORY	\$60,862,587

Supporting Information

RELATED BOARDS AND COMMISSIONS

Agricultural Land Commission
British Columbia Blueberry Industry Development Council
British Columbia Broiler Hatching Egg Commission
British Columbia Cattle Industry Development Council
British Columbia Chicken Marketing Board
British Columbia Cranberry Marketing Board
British Columbia Egg Marketing Board
British Columbia Grape Marketing Board
British Columbia Hog Marketing Commission
British Columbia Marketing Board
British Columbia Milk Marketing Board
British Columbia Mushroom Marketing Board
British Columbia Peace River Grain Industry Development Council
British Columbia Raspberry Industry Development Council

British Columbia Tree Fruit Marketing Board
British Columbia Turkey Marketing Board
British Columbia Vegetable Marketing Commission
British Columbia Wine Institute
British Columbia Woodlot Products Development Council
Columbia Basin Trust
Columbia Power Corporation
Dairy Products Promotional Fund Committee
Farm Practices Board
Okanagan Valley Tree Fruit Authority

LEGISLATION ADMINISTERED BY THE MINISTRY

Ministry of Agriculture and Food Act
 Agricultural Credit Act
 Agricultural Land Commission Act
 Agricultural Produce Grading Act
 Agrologists Act
 Animal Disease Control Act**
 Bee Act
 British Columbia Wine Act
 Cattle (Horned) Act
 Farm Income Insurance Act
 Farmers and Womens Institutes Act
 Farming and Fishing Industries
 Development Act**
 Farm Practices Protection
 (Right to Farm) Act**
 Food Choice and Disclosure Act
 Food Products Standards Act
 Fur Farm Act
 Game Farm Act
 Insurance for Crops Act
 Livestock Act
 Livestock Identification Act
 Livestock Lien Act
 Livestock Protection Act
 Livestock Public Sale Act

Milk Industry Act*
 Municipal Act (sections 916 to 919 only)
 Natural Products Marketing (B.C.) Act
 Okanagan Valley Tree Fruit Authority Act
 Pharmacists, Pharmacy Operations and
 Drug Scheduling Act (sections 65 to 71 only)
 Plant Protection Act
 Prevention of Cruelty to Animals Act
 Seed Grower Act
 Seed Potato Act
 Soil Conservation Act
 Veterinarians Act
 Veterinary Laboratory Act
 Weed Control Act

* In practice, some of the responsibility for these statutes is shared with the Ministry of Health.

** In practice, some of the responsibility for these statutes is shared with the Ministry of Fisheries.

MINISTRY OF AGRICULTURE AND FOOD OFFICES

Current to March 2000

Minister's Office

Room 346, Legislative Buildings
Victoria, B.C. V8V 1X4

Phone (250) 387-1023 / Fax 387-1522

Victoria headquarters address

808 Douglas Street, V8W 2Z7

Phone (250) 387-5121 / Fax 387-5130

Victoria headquarters mailing address

P.O. Box 9120, Stn. Prov. Gov't., V8W 9E2

Abbotsford Agricultural Centre

1767 Angus Campbell Road, V3G 2M3
Toll-free 1-888-221-7141

Regional

Phone (604) 556-3075 / Fax 556-3030

Resource Management

Phone (604) 556-3100 / Fax 556-3099

Animal Health

Phone (604) 556-3003 / Fax 556-3010

Courtenay

331B 6th Street, V9N 1M2

Phone (250) 334-1239 / Fax 334-1472

Cranbrook

42 8th Avenue South, V1C 2K3

Phone (250) 426-1535 / Fax 426-1546

Creston

218 Northwest Boulevard

Box 1980, V0B 1G0

Phone (250) 428-3255 / Fax 428-3271

Dawson Creek

1201 103rd Avenue, V1G 4J2

Toll-free 1-888-398-3322

Phone (250) 784-2225 / Fax 784-2299

Duncan (Access Centre)

5785 Duncan Street, V9L 5G2

Phone (250) 746-1210 / Fax 746-1292

Fort St. John

350 - 10003 110th Avenue, V1J 6M7

Toll-free 1-888-822-1345

Phone (250) 787-3240 / Fax 787-3299

Kamloops

162 Oriole Road, V2C 4N7

Toll-free 1-888-823-3355

Phone (250) 371-6050 / Fax 828-4631

Kelowna

1690 Powick Road, V1X 7G5

Crop Insurance (toll-free) 1-888-332-3352

Phone (250) 861-7211 / Fax 861-7490

Oliver

Court House, Box 940
9971 350th Avenue, V0H 1T0
Toll-free 1-888-812-8811

Phone (250) 498-5250 / Fax 498-4952

Prince George

Experimental Farm Site
2288 Old Cariboo Highway, V2N 6G3
Toll-free 1-800-334-3011
Phone (250) 963-2501 / Fax 963-2520

Sidney

Bldg. 20, 8801 East Saanich Road, V8L 1H3
Phone (250) 655-5649 / Fax 655-5657

Mailing address

P.O. Box 9099, Stn. Prov. Gov't.
Victoria, B.C. V8W 9A9

Smithers (Access Centre)

1020 Murray Street
Bag 5000, V0J 2N0
Phone (250) 847-7246 / Fax 847-7592

Vancouver - Food Industry

Canada - B.C. Agri-Food Marketing Centre
2000 - 300 West Georgia Street, V6B 6E1
Phone (604) 666-5259 / Fax 666-3977

Vernon

4607 23rd Street, V1T 4K7
Phone (250) 260-3000 / Fax 549-5488

Williams Lake

640 Borland Street, V2G 1R8
Toll-free 1-800-474-6133
Phone (250) 398-4500 / Fax 398-4688

OTHER ADDRESSES**Agricultural Land Commission**

133 - 4940 Canada Way
Burnaby, B.C. V5G 4K6
Phone (604) 660-7000 / Fax 660-7033

British Columbia Marketing Board

107 - 1208 Wharf Street
P.O. Box 9129, Stn. Prov. Gov't.
Victoria, B.C. V8W 9B5
Phone (250) 356-8945 / Fax 356-5131

Okanagan Valley Tree Fruit Authority

4200 Highway 97
P.O. Box 6000
Summerland, B.C. V0H 1Z0
Phone: (604) 494-5021 / Fax 494-5024

Map of Agricultural Land Reserve

